GPC PURCHASING

Module 5

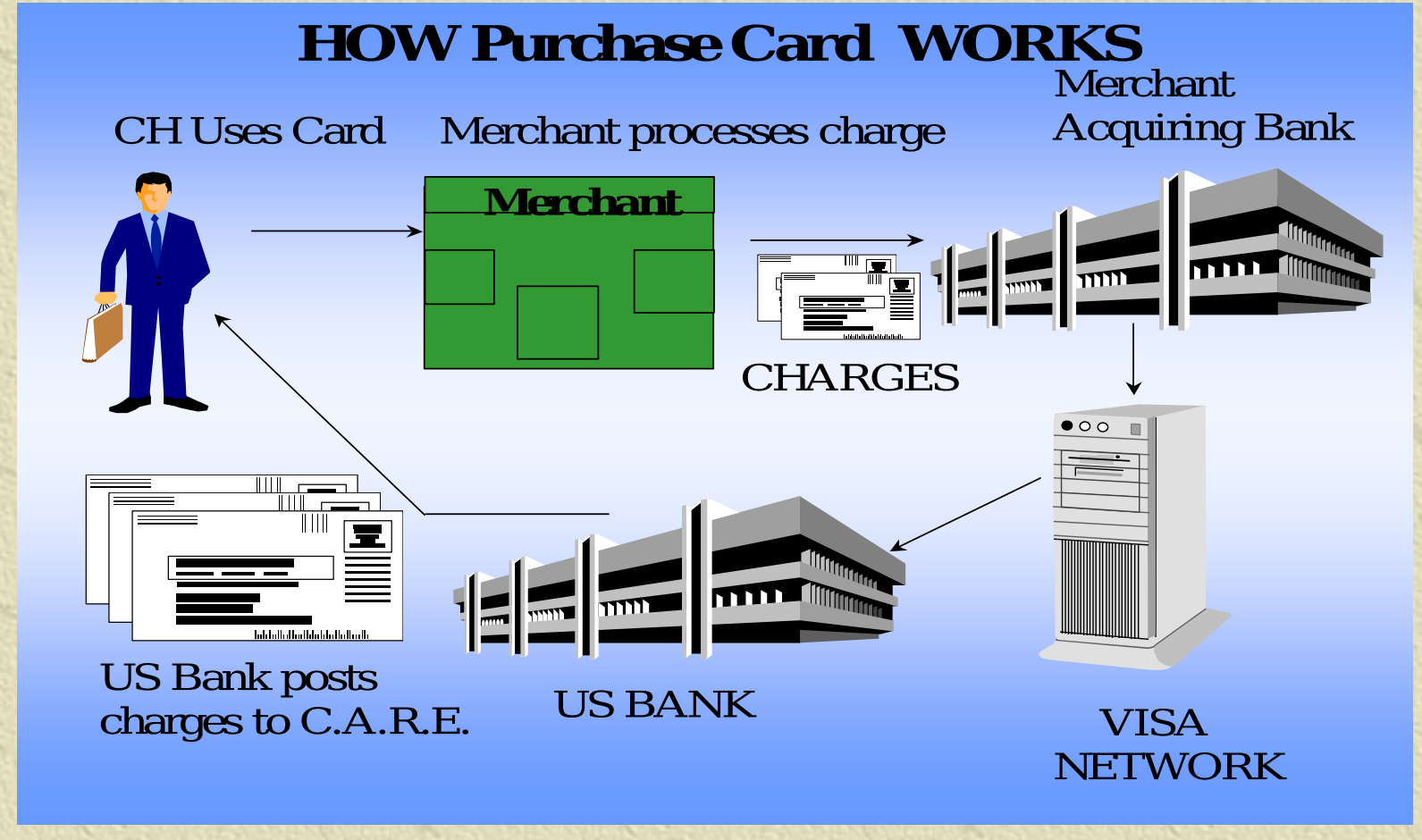
GPC Purchasing Overview

- Transaction Process
- Purchase Process
- Placing Orders
- GPC Dollar Limits for CH and AO
- Billing Cycles
- Rotation of Sources
- Tax Exemption

GPC Purchasing Overview

- Rebates
- Back Orders
- Type of Delivery
- Contingency/Exercise Operations
- Lessons Learned

Purchase Card Transaction Process



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GPC Purchase Process

- Need Is Determined
- Is Purchase Authorized With Card?
- Are Funds Available?
- Accomplish Pre-Authorization (If Applicable)
- Obtain Price From Vendor
- Determine Price Reasonableness
- Document Proof Of Purchase
- Use Documentation For Reconciliation

Placing Orders

- Identify yourself as “Ordering Agent” of US Government
- Ask vendor if they accepts the GPC
- Convenience Checks an option
  - **CANNOT** exceed $2,500—**NO EXCEPTIONS!!**
- Tell vendor you are tax exempt
- Shipping charges authorized; request charges be included in price.
- No additional fees (e.g. Visa fee) authorized
- Billing must occur after shipment

GPC Dollar Limits (Single Purchase Limit – CH)

- The Single Purchase Limit for any single or one time commercial purchase shall not exceed $2,500; unless, the cardholder has been authorized to purchase off of Blanket Purchase Agreements, IDIQ, or pre-priced contracts the single purchase limit may go up to $25,000.00.
- Only the AO or their Alternate can change this limit, in writing, through the GPC Office, e-mail acceptable

GPC Dollar Limits (Monthly Purchase Limit – CH)

- Monthly Cardholder Limit is otherwise known as the credit card or cycle limit; this is the limit imposed by the approving official on a cardholder's total purchases in a given month. It is at least the same as the cardholder’s single purchase limit.
- Only the AO or their Alternate can change this limit, in writing, through the GPC Office, e-mail acceptable

GPC Dollar Limits (Monthly Limit – AO)

- Monthly Office Limit is a budgetary limit established by the approving official of the unit; it shall equal the sum of all of the organizational cardholders' monthly purchase limits.
- Only a modified AF Form 4009 can change this limit

Billing Cycles

- From the 26th of one month to the 25th of the following month
- Exception: If it falls on the weekend or Federal holiday, it will move to the previous work day

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Rotation of Sources

- The policy for rotation of sources is set forth in FAR Part 13.106 and AFI 64-117 paragraph 4.3.5.3.1.5. To the extent possible, cardholders should rotate sources among qualified vendors as long as the price is fair and reasonable.
- Personal preferences are not acceptable reasons for not rotating sources.
- By rotating sources you are avoiding the appearance of favoritism to any one vendor.
- If a vendor is the best value continually, perform cost comparisons every three months and document.

Tax Exemption

- When making a purchase, advise the merchant that the purchase is not subject to state or local sales tax. (A notice of tax exemption and the number for the USAF Academy also appears on the purchase card.)
- **Our Tax Exempt Number is 9803578 and if the vendor requires a letter, check the GPC's web page under the "USAFA Specific Instructions" link**

Tax Exemption (cont'd)

- If a merchant questions the tax exempt status, have them notify the AOPC and we may be able to answer any questions the vendor has on the tax exempt status.
- When making a GPC purchase verify the dollar amount of the purchase is correct and no sales tax has been included.
- Tax is generally added on telephone and internet orders; double check receipts and "Additional Trans Detail" in the C.A.R.E. program

Manufacturer Rebates

- Cardholders should take advantage of any Manufacturer/Retailer Rebates offered
- Manufacturer/retailer rebates shall be made payable to the U.S. Treasury. Upon receipt, along with the rebate, a cash collection voucher is processed at Finance and the amount of rebate is deposited back into your GPC account
- **REBATES ARE NOT TO BE UTILIZED BY THE CARDHOLDER OR APPROVING OFFICIAL FOR PERSONAL USE**

USBank Rebates

- Rebates from the U.S. Bank as a result of timely payment will be processed as an appropriation refund to the AO's organization and are credited quarterly to the applicable funding document from USBank.
  - Purchase on 20th paid on 26th vs. purchase on 1st paid on 26th
- C.A.R.E. is set up as a Pay and Confirm Program

Back Ordering

- If normally stocked, but not in, get a rain check and come back later
- If specialty item, will probably have to pay for it but make sure the item will be delivered within the same cycle period that the purchase will appear in C.A.R.E.
  - Exception: Subscriptions for magazines or periodicals

Back Ordering (cont'd)

- Orders will not be made using GPC when vendors are unable to ship the total quantity of the purchase in the same shipment unless:
  - all items purchased will be shipped within the same billing cycle in which they were ordered, or
  - all items purchased will not be shipped within the same billing cycle, but the vendor is willing to not bill the bank until all items are shipped

Type of Delivery

- Free On Board (f.o.b.) Destination means the title of goods remains with the seller until the goods are received at their final destination.
- If lost or damaged in shipment, the vendor is still responsible to provide the item to the cardholder.
- Ensure that the price includes delivery at free on board (f.o.b.) destination. All transportation costs shall be included in the purchase price .

Contingency/Exercise Operations

- CHs may continue to use their cards when deployed less than 30 days if
  - Units funds will be used
  - AO remains the same
  - No delay in review and verification or monthly purchases
- MDD funded cards may be used regardless of the length of deployment/exercise

Contingency/Exercise Operations (cont'd)

- Coordinations are not required if not collocated with servicing organization except HAZMAT and weapon systems parts
- For more information see http://www.safaq.hq.af.mil/contracting/toolkit/impac/hazmat_ firearms_munitions.pdf

Lessons Learned

Ensure Merchant Accepts Card Before Finalizing Obligations

- In one case the cardholder ordered portable toilets, intending to pay for their use with the GPC card. Unfortunately (for the cardholder) he failed to ask the contractor if he accepted the purchase card for payment prior to the services being performed. The contractor didn't…and, as we all know, used toilets are not the sort of thing that can be returned for credit. The "lesson learned" is to be sure your vendor accepts the GPC BEFORE accepting goods or services, especially if they are "non-returnable".

Unauthorized Purchases

- At one of the bases, there was a requirement of pepper mace to be issued to custodial workers who were working in a remote area. The cardholder got approval from the bio-environmental folks to buy it, and used the GPC to make the purchase at the local K-MART automotive department. What the cardholder did not know was that pepper mace is classified as munitions (and is, therefore, a unauthorized purchase). The pepper mace was returned and a credit obtained.

Ensure Funds Are Available

- The cardholder tried to make a purchase and the card declined. The following can be the reason:
  - CH's single purchase limit was exceeded
  - CH's monthly limit was exceeded
  - AO's managing account cycle limit was exceeded
  - The amount available on the AF Form 4009 was exceeded

Splitting Requirements

- A requirement for 10 new computers was established for a total cost of $7,000. The computers were so specialized there wasn't a contract available for use. Instead of processing the requirement through the Contracting Squadron, the CH ordered 7 computers one day and the remaining 3 on a different day. This is a violation of the GPC program.

Secure Card/Account Number

- Someone else besides the cardholder placing orders with the GPC card is a very serious breach of a CH's responsibilities. The GPC card should be removed immediately from the custody of these cardholders.
- Allowing a vendor to keep your account number on file is also not secure. Anyone can potentially gain access to it.
  - Exception: Copier rental obtained through DAPS

Poor Documentation

- Includes retention and organization
- A CH was charged sales tax and was asked by the AOPC to produce the receipt for verification. The CH had lost the receipt and could not remember what was purchased or for who.
- Verification of a GSA purchase was requested during surveillance; it took the CH a long time to produce the paperwork because their files were not organized chronologically or within the same work area.

Quick Reminders

- Don’t Split Requirements to:
  - Avoid competition
  - Avoid cardholder limits
- Maintain C.A.R.E. Transaction Log
- Do Not Permit Anyone To Use Your Card

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Module Quiz

- Briefly describe the GPC transaction process.
- What is the first question a GPC cardholder should ask a vendor if the cardholder has not previously done business with them?
- Who has the authority to request an adjustment to a GPC cardholder's single and/or monthly (cycle) purchase limits?

Module Quiz

- Ordinarily, what are the dates of a billing cycle?
- What should be done if the same vendor has the lowest cost and/or superior product every time a cardholder needs to obtain an item that has been purchased previously?

Module Quiz

- Where can our tax exemption number be found?
- What are the two types of rebates?
- Can you pre-pay for an item that you know will be back-ordered?
- What is the delivery designation utilized with GPC purchases?

Module Quiz

- During a contingency operation, can the GPC card be used if other than unit funds are being used?
- Can a GPC Approving Official use a cardholder’s card number to make purchases?